

DEPARTMENT OF TECHNOLOGY SERVICES

DRAFT SERVICE DEVELOPMENT METHODOLOGY

Executive Summary

The consolidation of the Teale and Health and Human Services Data Centers established the Department of Technology Services (DTS) as the State of California's primary provider of centralized IT services. For DTS to successfully fulfill this role, a methodology for developing, evaluating and offering new services must be established. This methodology relies on the Technology Services Board (TSB) and its Services Committee as excellent forums for stakeholder discussion of new DTS services.

BUSINESS PROBLEM

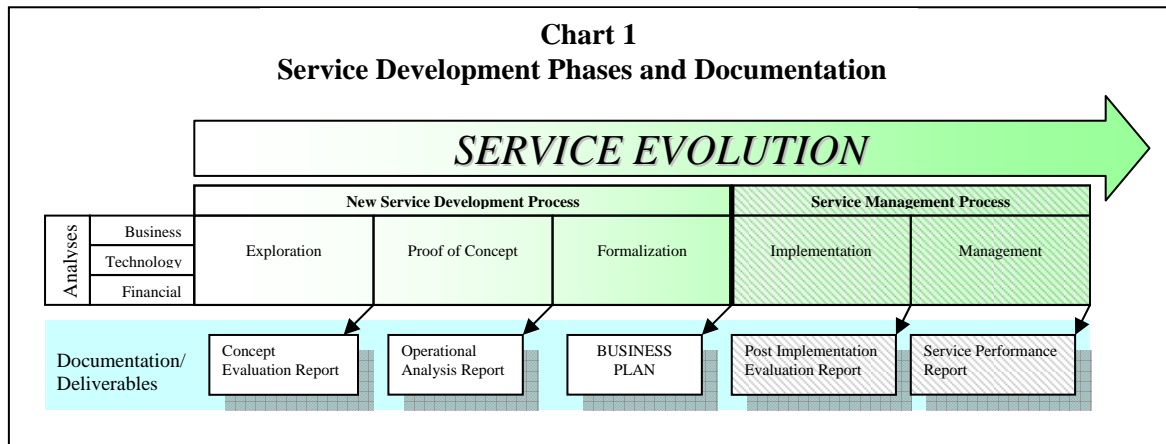
A key to establishing a new or consolidating an existing service is a sufficient level of customer adoption, which creates the economies of scale needed to drive down rates in order to deliver expected value. However, two primary factors currently challenge DTS as it tries to ensure adequate customer adoption of services. First, there is insufficient and inconsistent communication to DTS stakeholders of the business case for a service. Second, growth in DTS services often requires customers and oversight entities to prioritize strategic enterprise goals above short-term tactical objectives.

This Service Development Methodology addresses these issues by:

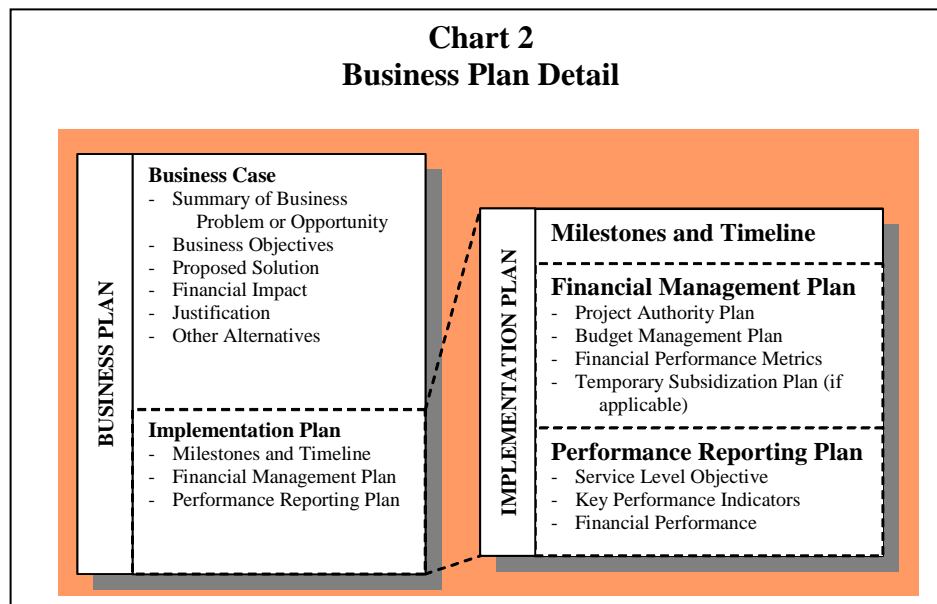
- **Providing a comprehensive and consistent approach for the evaluation of DTS services, including:**
 - ✓ Ensuring due diligence in internal DTS evaluation
 - ✓ Ensuring customer and oversight involvement in the development process
- **Facilitating discussion of barriers to customer adoption, including:**
 - ✓ Ensuring customer adoption assumptions are a critical piece of the evaluation process and recognizing all potential barriers to entry
 - ✓ Placing responsibility for approving a service with those who have control over customer adoption
- **Streamlining external budget and IT project governance requirements, including:**
 - ✓ Properly aligning IT Procurement Authority Thresholds with risk
 - ✓ Providing Budget Authority for DTS expenditures consistent with the common strategic objective of developing shared services

A COMPREHENSIVE AND CONSISTENT APPROACH

Under this methodology, services are developed through an evolutionary process consisting of three phases: exploration, proof of concept, and formalization. As shown in Chart 1, on the following page, the analysis of the service within each phase addresses the business, technology, and financial aspects of the service. Each phase results in a deliverable that contains a standard set of information requirements that provide a framework for a consistent, well-organized and comprehensive business analysis.



The third phase in the process is formalization. This phase involves the development of a comprehensive business plan, which provides the business case for the service and establishes an implementation plan. As shown in Chart 2, the business case includes a summary of the business problem or opportunity, the business objectives, the proposed solution, other alternatives, the justification, and the financial impact. The implementation plan includes a proposed timeline with milestones, a financial management plan, and a performance reporting plan.



DISCUSSION OF CUSTOMER BARRIERS TO ADOPTION

Each of the three phases of the Service Development Methodology concludes with a report to be submitted to stakeholders for review and approval. As shown in Chart 3, the

initial Concept Evaluation and Operational Analysis are brought to the TSB Services Committee for review and approval (and to the full TSB for review and approval if required by the Services Committee) before the development of the Service Business Plan. The Service Business Plan must be reviewed and approved by the Department of Finance, the Services Committee, and the TSB prior to implementation of the service.

Chart 3 Review and Approval Process for Deliverables	
Development Phase: Exploration Deliverable/Report: Concept Evaluation Review and Approval: TSB Services Committee TSB (if required by TSB Services Committee)	
Development Phase: Proof of Concept Deliverable/Report: Operational Analysis Review and Approval: TSB Services Committee TSB (if required by TSB Services Committee)	
Development Phase: Formalization Report: Service Business Plan – Serves as formal approval of the DTS Service Offering Review and Approval: Finance TSB Services Committee TSB	

STREAMLINED EXTERNAL BUDGET AND IT PROJECT GOVERNANCE

The Business Plan for the service serves as the Feasibility Study Report (FSR) for the service. Implementation of IT projects related to the service may require the standard project documentation. However, the business justification for the service as an enterprise solution for DTS customers is made in the Service Business Plan and should be leveraged for DTS and customer Budget Change Proposals (BCP) and FSRs.

This methodology includes critical changes to the procurement and budget authority processes for the “Ongoing Support and Capacity Growth” category of expenditures. These changes are intended to properly align IT procurement authority with risk and provide DTS with the budget authority needed to successfully grow shared services.

Specifically, the DTS is proposing that the Service Business Plan provide a foundational business case that can be used to either expedite the review of DTS and customer budget requests related to the service or provide for the establishment of increased budget flexibility, if the need for additional flexibility and agility is deemed necessary. The Budget Authority Plan within the Service Business Plan will provide the opportunity for budget needs to be estimated and any changes to standard budget treatment to be proposed.

Finally, it must be noted that even with a well coordinated Service Development Process that results in customer buy-in and streamlines IT Project and Budget Authority, there are still significant obstacles to the successful implementation of common and shared IT services. Without addressing customer issues related to control, flexibility, service and workload disruptions, and budget and personnel issues, there remains significant risk that the DTS will not obtain sufficient customer adoption to provide services at the level of quality and price that should be expected of California's provider of centralized IT services.